“Online Store Atmospherics and Behavioral Response of Selected Consumers in Nanded City”

A Synopsis Submitted to

Swami Ramanand Teerth Marathwada University, Nanded

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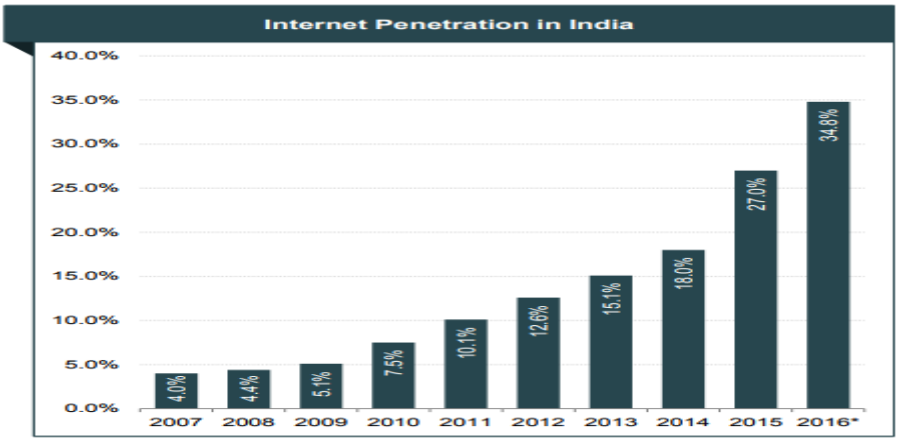
1. Introduction:

India is one of the most heavily populated countries in the world. The increasing population of India makes it lager and lucrative market for business. Almost all business like aviation, logistics, retail, automobile and pharma have seen immense growth. Parallel to all these traditional formats of industries, e – commerce has also seen an enormous increase in the recent years. Primary reason to the growth of this sector is increase in the use of internet. Also recent government initiatives to make the country digital have increased the internet usage amongst urban and rural India. In 2014, the number of internet users in India was around 280 million and it is projected that the number would reach 640 million by 2019. An increase of almost 70 million Internet users in a year is very momentous and encouraging. The rise of mobile internet users is also expected to touch 457 million by 2019.. The report published by **India Brand Equity Foundation** (IBEF), shows that the number is still increasing.



Source: India Brand Equity Foundation Report (IBEF) July 2017

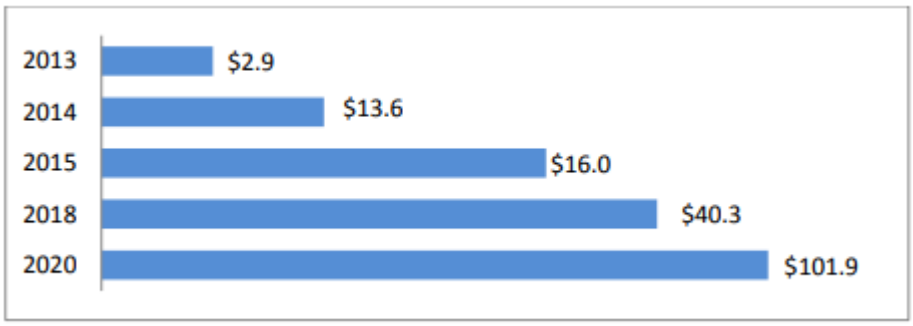
According to the report Urban India with an estimated population of 444 million already has 269 million (60 per cent) using the Internet whereas Rural India, with an estimated population of 906 million as per 2011 census, has only 163 million (17 per cent) Internet users. There is therefore a great opportunity for increasing penetration in the rural areas. It is also seen that the younger generation of India, in both rural and urban areas, is the most productive user of the internet.

2. Review of Literature: E-Commerce in Indian Scenario

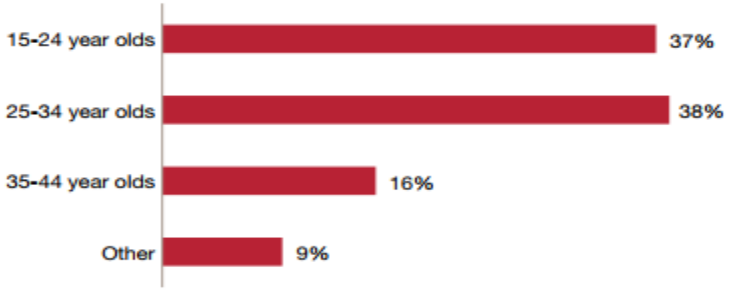
E-commerce means buying and selling of goods and services including digital products over digital and electronic networks. Sometimes it is also referred as e-tail. In India, E-commerce exists in three major formats. These include Business to Business (B2B), Business to Customer (B2C) and Customer to Customer (C2C).

Internet penetration has given rise to e-commerce. Young demographic profile, increasing awareness, investments, relative better economic performance and government initiatives are other major factors contributing to the speedy growth of the sector. Specific initiative by the Govt. of India like **Digital India, Startup India, Make in India and Skill India** are constantly encouraging users to buy online.

The size of E-commerce in the country is increasing at a rapid pace. The E-commerce business is expected to form the largest part of Indian economy with a value of approximately USD 100 billion by 2020.



As mentioned earlier the young demographic profile of buyers forms the major chunk of online buyers. According to a report, it is seen that the industry is attracting more customers from tier 2 and tier 3 cities.



3. Store Atmospherics:

The term "atmospherics" was firstly used by Kotler in 1973. It referred to external and internal environmental effects on buying behavior in retail formats. Later several researchers have studied the effect of store atmospherics on consumer buying behavior and recognized it as a strong marketing tool. **Turley and Milliman (2000)** identified five major categories of atmospheric variables in case of physical stores namely; external variables, general internal variables, layout and design variable, point of purchase and decoration variables and human variables. The store atmospherics are considerably different in physical stores and online stores. Traditional retail atmospherics can appeal to all five senses whereas online stores merely rely on visual communication through screen and have very limited control on other senses. This makes atmospherics more important to influence consumer behavior in case of online stores.

4. The Stimulus-Organism-Response (S-O-R) Model:

Mehrabian and Russell (1974) in a conceptual framework proposed that physical or social stimuli in the environment directly affect the emotional state of person and thereby influence his behavior. The **Stimulus-Organism-Response (S-O-R)** paradigm relevant to the retail setting is presented in the following figure.

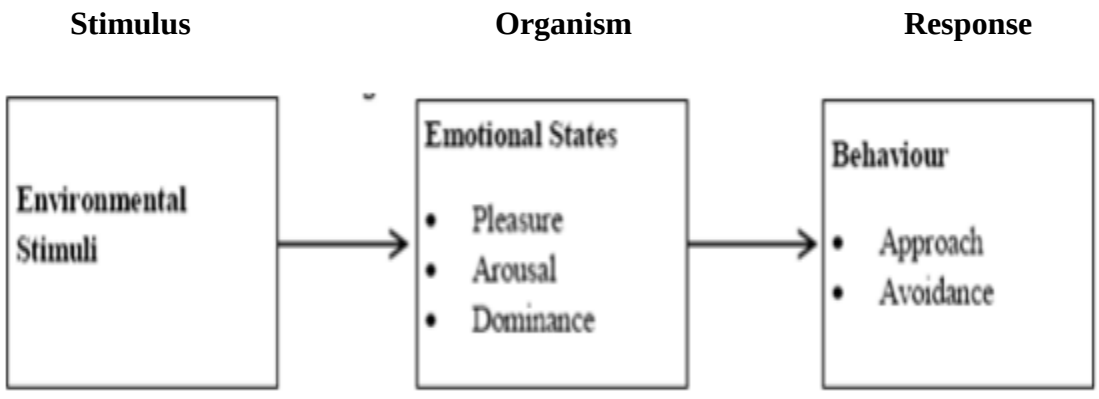


Fig: The Mehrabian - Russell Model

5. Proposed Model of the Study:

The researchers have provided different variables of online atmospherics. **Eroglu et. al.** (2001) provided a comprehensive typology of online store atmospherics. It is referred as 7 C's Model which includes **context, content, community, customization, communication, connection and commerce.** The proposed study will be based on these variables as stimuli. The proposed model is as follows.

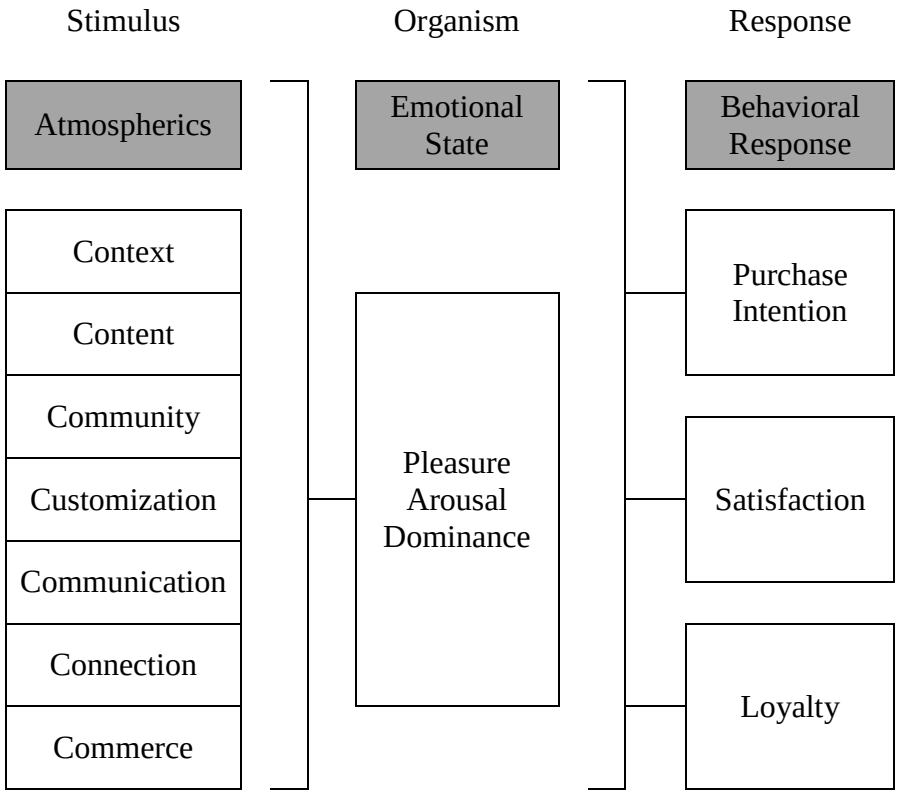


Fig: The proposed Model

6. Objectives of the Study:

The present study aims at understanding the effect of store atmospherics on consumer buying behavior in e-commerce. It also aims at providing necessary inputs to marketers in making online stores more effective. The main objective of the study is to find out the variables leading to purchase decisions and creating a favorable impact on consumers. Following are the specific objectives of the proposed study.

1. To examine the effect of store atmospherics on emotional state.
2. To identify store atmospherics those create positive emotional states of pleasure, arousal and dominance.
3. To examine the effect of emotional state on purchase intention.
4. To examine the effect of emotional state on satisfaction towards store.
5. To examine the effect of emotional state on loyalty towards store.
6. To develop a framework describing the influences of store atmospherics on behavioral response.

7. Hypotheses:

The statements of hypothesis of the proposed study will be as under.

1. Online store atmospherics positively affect emotional state.
2. Emotional state positively affects purchase intention.
3. Emotional state positively affects satisfaction towards store.
4. Emotional state positively affects store loyalty.

8. Research Methodology:

The present study involves descriptive research in order to gather descriptive information. The study is quantitative in nature. Quantitative analysis will be used for generalizing the sample data. Statistical analysis such as descriptive statistics, advanced statistics and other mathematical operations will form a part of the decision making process. Research instrument will be a structured and formalized questionnaire including a mix of close ended and scale-type questions.

9. Sample Size:

Population of the study being infinite, sample size determination using mean method will be adopted for survey purpose. A cross-sectional design of sample will be surveyed using a structured questionnaire in order to gather the first hand information needed to address

the research problem of the study.A convenience sampling procedure will be adopted for selection of respondents.

$$n = \frac{z^2\, s^2}{e^2}$$

Where, 'z' is the standard score associated with confidence level (95% in the current case). Hence standard scores equals to 1.96 (borrowed from normal table)

'S' is the variability in the data set, computed as a ratio of range / 6. Range is equal to 5-1 = 4 (the difference between minimum and maximum value in the 5point scale). 6 refers to ±3 standard deviation values on the X axis of the standard normal curve, which takes in all the data set in study.

Hence S = 4/6 = 0.66

E is the tolerable error = 6% (in the current study).

Therefore sample size is

$$n = \frac{1.96^2 * 0.66^2}{0.06^2}$$

$$n = \frac{3.84 * 0.4356}{0.0036}$$

n = 465

10. Significance of the Study:

The proposed study will help to explore purchase behavior with the attitudinal and behavioral aspects. It will help to find out influence of store atmospherics in e-commerce. . The better understanding of consumer responses will help to identify and effectively design stimuli that create positive impact on online buyers. The study will also enable online stores to understand the psyche of the customers and the propositions to meet their expectations.

10. Scope of the Study:

The geographical scope of the proposed study will confined to Nanded city. The topical scope will cover consumer trust, purchase intention satisfaction and loyalty. The analytical scope will cover the fulfillment of the objectives set out for the study. The functional scope will confine to offer certain meaningful recommendation for online stores.

11. Limitations of the Study:

Following are the limitations of the study.

a. Only representative sample will be used for data presentation.
b. Available time will not allow completing entire universe.
c. This study will be applicable to selected online stores.
d. Respondents may hesitate to disclose the true information.
e. The study is not applicable to physical stores.

12. Tentative Chapter Scheme:

Chapter 1: Introduction

The researcher will introduce the topic in the first chapter. The statement of the problem and the research questions will be mentioned. It will also include objectives of the study, need, significance and scope of the study.

Chapter 2: Review of Literature

A through literature review will be done on the relevant topic of the study. The researcher will make reference to significant number of past studies to make the literature more meaningful. The literature will support and identify research gap for the study.

Chapter 3 : Research Methodology

This chapter will describe the methodology adopted for this study. The design and the procedure of the study are explained. The chapter will include a discussion on a) Research design b) Sources of information c) Plan for primary data collection d) Sampling design e) Statistical techniques.

Chapter 4: Data Analysis and Interpretation

In this chapter, the analysis of collected data will be done. The collected data will be presented, tabulated and interpreted with suitable statistical techniques.

Chapter 5: Conclusion

This chapter will deal with conclusion and recommendations of the study. It will help in determining the atmospheric stimuli for e-commerce stores. It will also help in developing effective online stores.

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